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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes

- a) April 30, 2008 (Special Meeting)
- b) May 6, 2008 (Shirtsleeve Session)
- c) May 6, 2008 (Public Forum, hosted by Lodi District Chamber of Commerce)
- d) May 10, 2008 (Open House)
- e) May 13, 2008 (Shirtsleeve Session)
- f) May 13, 2008 (Special Meeting)
- g) May 13, 2008 (Special Joint Meeting w/Lodi Arts Commission)

MEETING DATE: May 21, 2008

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:

- a) April 30, 2008 (Special Meeting)
- b) May 6, 2008 (Shirtsleeve Session)
- c) May 6, 2008 (Public Forum, hosted by Lodi District Chamber of Commerce)
- d) May 10, 2008 (Open House)
- e) May 13, 2008 (Shirtsleeve Session)
- f) May 13, 2008 (Special Meeting)
- g) May 13, 2008 (Special Joint Meeting w/Lodi Arts Commission)

BACKGROUND INFORMATION: Attached are copies of the subject minutes, marked Exhibits A through G.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk

RJ/JMP
Attachments

APPROVED: _____
Blair King, City Manager

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, APRIL 30, 2008**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of April 30, 2008, was called to order by Mayor Mounce at 7:01 p.m.

Present: Council Members – Hitchcock, Johnson, Katzakian, and Mayor Mounce

Absent: Council Members – Hansen

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. REGULAR CALENDAR

B-1 “Council Direction with Regard to Credit Enhancement Alternatives and/or Refinancing for the 2002 Electric Utility Certificates of Participation”

City Manager King stated there is no need for action or discussion on this item as the pertinent information has not been received.

In response to Council Member Hitchcock, Mr. King stated the email sent today to the City Council essentially removes an alternative for consideration with respect to the Electric Utility Certificates of Participation (COP).

B-2 “Overview of 2008-09 Operating and Capital Outlay Budget”

City Manager King briefly introduced the subject matter of the 2008-09 operating and capital outlay budget. Mr. King reviewed the anticipated timeline for review and adoption of the final budget including individual departmental reports.

Mr. King provided a PowerPoint presentation regarding the operating and capital outlay budget for the 2008-09 fiscal year. Specific topics of discussion included budget highlights, all funds expenditures, ratio of total expenditures, City organizational chart, total Citywide staffing, unreserved general fund balance, general fund statement of estimated changes in fund balance, general fund revenues, selected general fund revenues, year to year general fund revenue decline, general fund revenue history, history inflated Consumer Price Index (CPI), sales and use tax, sales tax per capita, property taxes, property tax per capita, in-lieu franchise electric, PILOT history, in-lieu Vehicle License Fee, Senate Bill 90, business license tax, Transient Occupancy Tax (TOT), cable television franchise, gas franchise, Educational Revenue Augmentation Fund, considerations for the general fund, general fund expenses, personnel assets, allocation of 2002 COPs, donations and special events, department budget variances, Police and Fire budgets, public safety budget versus property sales tax total, Parks and Recreation comparison, Community Center comparison, position changes for the Community Center, Community Development, Electric Utility, Internal Services, Library, Parks and Recreation, Police, Public Works, electric utility enterprise fund statement of estimated changes in fund balance, organizational chart for Electric Utility, wastewater utility enterprise fund statement of estimated changes in fund balance, water utility enterprise fund statement of estimated changes in fund balance, organizational chart for water services, library fund statement of estimated changes in fund balance, Library organizational chart, capital outlay fund statement of estimated changes in fund balance, community development fund statement of estimated changes in fund balance, Community Development organizational chart, Community Development Block Grant (CDBG) fund statement of estimated changes in fund balance, employee benefits internal services fund statement of estimated changes in fund balance, vehicle and equipment replacement funds statement of estimated changes in fund balance, self-insurance internal services funds statement of estimated changes in fund balance, public safety special revenue funds statement of estimated changes in fund balance, street funds statement of estimated changes in fund balance, Streets and Drainage organizational chart, transit funds

statement of estimated changes in fund balance, Transportation Development Act fund statement of estimated changes in fund balance, trust and agency funds statement of estimated changes in fund balance, debt service funds statement of estimated changes in fund balance, fleet services internal services fund statement of estimated changes in fund balance, Fleet and Facilities organizational chart, community center fund statement of estimated changes in fund balance, Community Center organizational chart, recreation fund statement of estimated changes in fund balance, and Parks and Recreation organizational chart. He also discussed page 401 of the budget booklet and reviewed the transfers in and out of the general fund.

In response to Council Member Hitchcock, Mr. King stated the reductions in the 2008-09 budget will be accomplished as illustrated in the corresponding slide. He stated the estimated revenues will lessen the margin of error because they are slightly more optimistic instead of the usual conservative estimates.

In response to Council Member Hitchcock, Mr. King stated some Memorandums of Understanding (MOU) may be opened for discussion in light of any CPI increases.

In response to Council Member Katzakian, Mr. King stated he is not sure if the MOUs are for the 2009-10 year only and staff will return to Council with that pertinent information.

In response to Council Member Johnson, Electric Utility Director George Morrow stated the average transfer amount for electric utilities is 5% to 15%, with California running on the higher average side at 10%.

In response to Council Member Hitchcock, Mr. King stated the gas franchise fee will go up as gas prices rise in correspondence to the rate structure, the TOT rate predictions take into account the opening of the Hampton Inn on July 1st and related room occupancy times a 6% rate, and adjustments may be made mid-year as necessary.

In response to Council Member Hitchcock, Deputy City Manager Jim Krueger confirmed that the estimated actuals are based on year-end estimated actuals.

In response to Council Member Hitchcock, Budget Manager Kirk Evans stated that, with respect to the self-insurance reduction, actuarials show that only \$1.5 million is needed and a little over \$1 million will be reduced as a result. Ms. Hitchcock stated how much reserve is needed for self-insurance was previously discussed as a policy item and will need to be considered as well.

In response to Council Member Hitchcock, Fire Chief Mike Pretz stated the net decrease of \$450,000 since last year includes overtime and training budget reductions.

In response to Council Member Hitchcock, Police Chief David Main confirmed that there is an approximate \$400,000 savings from the lieutenant, jailer/dispatcher, police officer, and records clerk frozen positions.

In response to Council Member Johnson, Chief Main stated the jailer/dispatcher positions are assigned special assignments, including court liaison, and the one being kept open is for evidence technician.

In response to Council Member Hitchcock, Mr. Krueger stated that the 2002 COPs were previously designated as non-departmental and will now be allocated to the affected departments based on where the money was utilized.

In response to Council Member Johnson and Council Member Hitchcock, Mr. Krueger and Mr. King provided an overview of each allocation, including what the debt was incurred for, the amount, and to which department it will be allocated.

In response to Council Member Johnson, Mr. Krueger stated Slide 32 covers enterprise zone obligations under donations and special events.

In response to Mayor Mounce, Mr. Krueger stated staff will provide an accounting of the non-department comparisons and transfers in the budget presentation.

In response to Council Member Hitchcock, Mr. King and Mr. Krueger stated page 401 displays the general fund contributions to special revenues and the numbers are based on what the historical numbers of contribution have been for certain departments including community center, library, and recreation.

In response to Council Member Johnson, Mr. King stated parks still remain fully funded with the general fund and additional revenues go to support recreation.

Discussion ensued between Council Member Hitchcock and Mr. King regarding the need to layout the budget in an understandable format to show both expenditures and revenues.

In response to Council Member Hitchcock, Mr. Krueger stated the non-departmental line on page 33 shows the transfers listed on page 401 including those to the Library, Community Development, and the Community Center, which were all listed in the general fund.

In response to Council Member Hitchcock, Mr. King and Mr. Krueger confirmed the budget and treasury divisions are listed separately. Discussion also ensued regarding economic development, Downtown Lodi Business Partnership, Lodi Conference and Visitors' Bureau, San Joaquin County enterprise zone, and the School Street debt service.

In response to Council Member Hitchcock, City Clerk Johl stated the majority of the \$86,000 increase is due to the \$55,000 to \$60,000 anticipated cost for the upcoming November 2008 election and the funds allocated for training the boards, committees, and commissions.

In response to Council Member Hitchcock, Mr. Krueger stated the equipment increase in the Parks and Recreation budget includes vehicle maintenance.

In response to Council Member Hitchcock, Mr. King stated the budget will be reviewed in detail department by department at the May 7, 2008, City Council meeting.

In response to Mayor Mounce, Mr. Evans stated prior year totals showing specific details are not present for the Special Revenue Funds because this is the first year for the set-up. He stated they are detailed in the General Fund from previous years.

In response to Mayor Mounce, Mr. King stated the decrease in the personnel number on page 276 reflects the reduction of a director position, which is proposed to be budgeted at half time for the Community Center and half time for the Parks and Recreation Department.

In response to Council Member Hitchcock, Mr. King stated individuals have not been moved between the Parks and Recreation Department and the Community Center with the exception of the director position. Community Center Director Jim Rodems stated some of the reclassified positions included on page 7 were discussed prior to any merger considerations. Mr. King and Mr. Rodems reviewed the administrative clerk, building services/event coordinator, and facilities maintenance worker positions with respect to transfers and job descriptions.

In response to Mayor Mounce, Mr. Rodems stated changeovers for events are completed by part-time staff and there is onsite supervision of building services.

In response to Council Member Johnson, Mr. Rodems stated the Arts Event Coordinator is the position filled by Deanie Bridewell, which is a part-time position on a temporary full-time assignment. He stated Deanie Bridewell is the liaison for the Arts Commission and the Commission also receives office support through the liaison.

In response to Council Member Hitchcock, Mr. Rodems provided an overview of the part-time position assigned to the Foundation and the decrease of assistance to the Foundation with respect to managing the books because they are a 501(c)(3) organization.

In response to Council Member Johnson, Mr. Rodems stated the part-time person assigned to the Foundation was Linda McEnerney.

In response to Council Member Hitchcock, Mr. Rodems stated the Arts Event Coordinator position filled by Deanie Bridewell handles a variety of tasks including those associated with event logistics and client dealings. He also stated that the position currently filled by Diane Amaral handles the 2nd largest revenue stream with respect to classes, catalogs, and class instructor contracts.

In response to Council Member Hitchcock, Mr. Rodems stated that the Administrative Secretary position is proposed to be filled at an Administrative Clerk level due to the actual support needed in that position and nature of the tasks required.

RECESS

At 8:55 p.m., Mayor Mounce called for a recess, and the City Council meeting reconvened at 9:06 p.m.

B. REGULAR CALENDAR

B-2 In response to Council Member Johnson, Police Chief Main stated that all four (Cont'd.) dispatcher/jailer positions will be trained to handle fire calls. He stated one position will be a supervising and training position.

In response to Council Member Hitchcock, Chief Main stated they do not have a need to hire an additional dispatcher/jailer for coverage purposes alone because the positions are assigned to a variety of assignments and can be brought in for coverage. He stated the unfilled dispatcher/jailer position will be used in the future for crime analysis.

In response to Council Member Hitchcock, Public Works Director Wally Sandelin stated the department added a Junior Engineer position and upgraded the Engineering Technician position. Mr. Sandlin stated some departmental efforts decreased in light of the slow down in the development community. He stated with respect to services, there may be a slow down in service with respect to design of infrastructure and the water meter program.

Discussion ensued between Council Member Johnson and Mr. Sandelin regarding metering requiring some effort with plans and specifications for installations, analysis of payment considerations for approximately two-thirds of the City, the 2026 compliance deadline, the 2010 compliance deadline, and the accelerated program status.

In response to Council Member Hitchcock, Mr. Sandelin stated infrastructure may slow down as well.

In response to Mayor Mounce, Mr. Sandelin stated staff will bring back the cost considerations for infrastructure and water meters in July.

In response to Mayor Mounce, Mr. Sandelin stated that the departmental position changes were primarily a result of attrition and positions that were already frozen. Mr. King confirmed that there were no layoffs in the City.

In response to Council Member Hitchcock, Mr. Morrow provided an overview of the personnel changes in the Electric Utility, stating that, although there is a transfer of managers and a few title changes, there are no salary changes.

In response to Council Member Hitchcock, Mr. Krueger stated the majority of the \$5.5 million figure is from the Roseville sale.

In response to Council Member Hitchcock, Mr. Morrow stated the debt service next year will be reduced by approximately \$2.5 million; although, that figure may change some depending upon market conditions.

In response to Council Member Hitchcock, Mr. Morrow and Mr. Krueger confirmed that there is nothing unique in the Electric Utility budget, including any refinancing.

In response to Council Member Hitchcock, Mr. King confirmed that the connection fee for Flag City will be approximately \$2 million.

In response to Council Member Hitchcock, Mr. Krueger stated the infrastructure replacement is accounted for in numbers on page 48, with the exception that it does not include the Central Plume litigation.

Discussion ensued between Council Member Hitchcock, Mr. Krueger, and Mr. King regarding library transfers, funds as shown on page 50, capital improvement project, and General Fund and outside sources to support the same.

In response to Council Member Hitchcock, Mr. King stated approximately \$650,000 was provided from the Library reserve fund to assist with the improvement project.

In response to Mayor Mounce, Mr. King stated staff will bring back details of the CDBG funds allocated to City projects as requested.

In response to Council Member Hitchcock, Mr. Krueger stated staff will bring back actuarial studies for self-insurance when they are completed in August or September as requested.

In response to Council Member Hitchcock, Mr. Sandelin stated some projects require a building of the war chest with funds before they can be spent down on the larger projects.

In response to Council Member Hitchcock, Mr. Krueger stated the water services organizational chart is on page 183 of the budget booklet.

Discussion ensued between Council Member Hitchcock and Mr. King regarding including dollars associated with general fund considerations, a summary sheet, training cost reductions, financial costs for Police Department positions, effect of not funding a director position, debt service, and identifying any other concerns with a dollar figure.

In response to Mayor Mounce, Mr. Krueger stated the amortization schedule for debts and loans is covered in the Comprehensive Annual Financial Report, a copy of which can be provided again.

MOTION / VOTE:

There was no Council action taken on this matter.

Continued April 30, 2008

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:14 p.m.

ATTEST:

Randi Johl
City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 6, 2008**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 6, 2008, commencing at 7:01 a.m.

A. ROLL CALL

Present: Council Members – Hitchcock, Hansen, Johnson, Katzakian, and Mayor Mounce

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Overview of the Mechanics of Tax Increment Allocation – Statement of Indebtedness"

City Manager King provided an overview of the mechanics of tax increment allocation and statement of indebtedness. Specific topics of discussion included City's exposure for indebtedness, soft debt versus hard debt, excerpts from Health and Safety Code Section 33675, the requirement to file a statement of indebtedness and reconciliation statement, San Joaquin standard form for a statement of indebtedness, samples from Stockton, Tracy, Manteca, and Ripon, examples of soft redevelopment debt, joint cooperation agreement, some cities entering into bonds to further protect against State taking local government money in lieu of incurring soft debt, statutory limits on bond debt, and general application of how redevelopment may be applied in Lodi, including a series of smaller capital improvement projects rather than a single large project.

In response to Mayor Mounce, Mr. King stated with respect to interest rates for bonds and loans for cities, typically a secure bond will be more aggressive in order to secure the lowest rate possible. He stated the major difference is subordination language where in some cases debt may not be collected.

In response to Council Member Hitchcock, Mr. King confirmed that Stockton uses the Community Development Block Grant (CDBG) allocation to show debt, but it will not actually collect the debt. He stated he is unsure of why interest is not being charged, but it is most likely that the debt itself will never be repaid.

In response to Mayor Mounce, Mr. King stated that, when and if Stockton pays interest on the CDBG allocation which it will likely not do, the interest will go to the general fund because the spending of CDBG money is work performed by the city on behalf of the agency. He stated it will most likely not be paid because it is in the city's and agency's best interest not to do so.

In response to Mayor Mounce, Deputy City Manager Jim Krueger stated he is unsure if Stockton is carrying the interest as an account receivable on the balance sheet but that is most likely.

In response to Mayor Mounce, Mr. King confirmed that Manteca has approximately \$321 million in soft debt, which will likely not be paid back.

In response to Mayor Mounce, City Attorney Schwabauer stated the Constitution specifically prohibits the State from interfering with any contractual obligation of a city. Mr. Schwabauer stated therefore the State would be prohibited from taking bond money as hard debt due to contractual obligations with the bonding agencies. He stated the State would also have a difficult argument with respect to soft debt incurred under a contractual obligation between a city and agency.

In response to Council Member Johnson, Mr. Schwabauer stated the County collects the \$1.1 million as tax increment, it is then obligated to pay the agency that \$1.1 million, and the agency then repays debt or more likely recycles that amount for the next year's usage.

In response to Council Member Hitchcock, Mr. King stated typically the amount for hard debt that is allowed is no more than 80% of tax increment for that specific year with respect to redevelopment bonds. He stated generally cities take much less than that in order to keep flexibility for larger capital projects.

In response to Council Member Hitchcock, Mr. King and Mr. Schwabauer stated that there is not an actual transference of CDBG funds into the general fund. They stated that, because the purposes of Department of Housing and Urban Development guidelines and redevelopment coincide, CDBG funds may be credited for redevelopment debt because the funds were expended in a manner that benefited the city and agency. They stated an example of this may be sidewalk or light improvements in the project area.

In response to Mayor Mounce, Mr. King stated obtaining bonds for redevelopment is based on the ability to collect tax increment and not the City's financial health. Mr. King provided the Lodi Memorial Hospital bonds as an example.

In response to Council Member Johnson, Mr. King stated the school district incurring debt through redevelopment pass-through with the City is neutral to the City because the funds would be paid regardless over a 45-year period instead of a single payment pursuant to AB 1290 pass-through requirements. Mr. King stated he does not believe the school district scenario is a popular vehicle, but it is an example of bonded debt.

In response to Mayor Mounce, Mr. King stated once the redevelopment project area is formed, the general process for the school district would remain the same in that the money is collected by the County, then goes to the State, who in turn sends it to the school district. Mr. King stated the school district and City would benefit because there may be improvements to schools within the project area.

Discussion ensued between Council Member Hitchcock, Mr. King, and Mr. Schwabauer regarding the 27% allocation for school district and AB 1290 legislation, which specifically sets forth the percentage received by schools based on a formula and the method by which it may be collected.

In response to Council Member Hitchcock, Mr. King stated 80% of the potential tax increment for the year is a maximum amount for bonding purposes. He stated most cities take much less than that in order to retain and allow for flexibility of projects. He stated a variety of smaller projects are generally more bankable than a few large projects because there is more reliability in diversifying the amount over several properties rather than concentrating on one or two.

Mr. Schwabauer provided a brief overview of how property tax values will continue to affect redevelopment and tax increment regardless of market fluctuations because as an example the property tax continues to grow at the 2% per year rate.

In response to Council Member Hitchcock, Mr. King stated that, although staff has crunched some numbers based on the usage of certain parcels, current zoning, market conditions, and projected future increment, the numbers still remain hypothetical at best.

In response to Council Member Hitchcock, Mr. King stated he is not sure what the tax increment would be for the \$355 million amount over 45 years for the school district, but he will provide that information when it is available.

In response to Council Member Johnson, Mr. King stated that with a variety of projects the question of whether to assume soft or hard debt would be based on how much increment is available and what the project costs amount to.

In response to Mayor Mounce, Mr. King stated there is a possibility that a project could be classified as both infrastructure and economic development for redevelopment purposes.

In response to Council Member Katzakian and Mayor Mounce, Mr. King stated that, for private development purposes, a developer would need to layout what he or she needs and the City would consider the availability of increment over a period of time and assess the benefit associated with such development.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:13 a.m.

ATTEST:

Randi Johl
City Clerk

**LODI CITY COUNCIL ~ PUBLIC FORUM
LINCOLN TECHNICAL ACADEMY
542 E. PINE STREET, LODI
TUESDAY, MAY 6, 2008**

The Public Forum hosted and sponsored by the Lodi District Chamber of Commerce of May 6, 2008, pertaining to redevelopment was for the purpose of hearing presentations only on the subject matter; no official meeting was conducted.

ATTEST:

Randi Johl
City Clerk

**LODI CITY COUNCIL ~ OPEN HOUSE
HUTCHINS STREET SQUARE
125 S. HUTCHINS STREET, LODI
SATURDAY, MAY 10, 2008**

The Open House of May 10, 2008, pertaining to General Plan Update Alternatives was for the purpose of hearing presentations only on the subject matter; no official meeting was conducted.

ATTEST:

Randi Johl
City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 13, 2008**

The May 13, 2008, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Randi Johl
City Clerk

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 13, 2008**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of May 13, 2008, was called to order by Mayor Mounce at 7:01 a.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Katzakian, and Mayor Mounce

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. REGULAR CALENDAR

B-1 "Review of the 2008-09 Draft Budget"

City Manager King briefly introduced the subject matter of the 2008-09 draft budget.

The review of individual departmental budget presentations for the Fire Department and the Electric Utility Department, as set forth in the presentation documentation, including the summary sheet, current year accomplishments, and future year goals, continued from the May 7, 2008, regularly scheduled City Council meeting.

Fire

In response to Council Member Johnson, Fire Chief Mike Pretz stated the \$2 million in addition to the \$500,000 coming from the development agreement for the Reynolds Ranch project should cover the costs associated with building Fire Station No. 5 and purchasing equipment for the same. He stated that, while some costs may have gone up over the interim four-year period, the goal is to construct a building that is green at minimal costs.

In response to Council Member Johnson, Chief Pretz stated they are looking at possibly constructing a modular building.

In response to Council Member Johnson, Chief Pretz stated the \$500,000 should cover the purchase of the engine for the proposed Fire Station No. 5.

In response to Mayor Pro Tempore Hansen, Chief Pretz stated that, based on his understanding of the development agreement, at the end of the year a portion of the entire \$2 million sum will be available along with a letter of credit for the entire \$2 million. He stated the money for the engine purchase is supposed to be available in 2009.

In response to Mayor Pro Tempore Hansen, Mr. King stated that, with respect to a deadline for the opening of the proposed Fire Station No. 5, it is important to manage the opening in a manner to ensure staffing will also be in place.

In response to Mayor Pro Tempore Hansen, Chief Pretz stated that, with respect to salary savings and overtime, typically when there are four vacancies or more, it is cheaper to hire individuals rather than paying overtime.

In response to Council Member Hitchcock, Mr. King stated the development agreement provides for an in-kind contribution whereby the developer will construct the facility for a specific amount and pay impact fees. He stated the City can provide additional funding if desired for the same and it is anticipated that the building will be constructed in conjunction with the rest of the development.

In response to Mayor Mounce, Mr. King stated the development agreement simply requires the developer to participate in the community facilities district and pay the fees, which are capped, regardless of the type of housing that is built.

In response to Mayor Mounce, Mr. King stated a senior care home facility will likely be considered residential.

In response to Council Member Hitchcock, Chief Pretz stated the supplies and costs line item included a mid-year budget addition for the Telestaff programming and related software.

In response to Council Member Hitchcock, Chief Pretz stated the \$20,000 for professional services includes the Citygate contract.

In response to Council Member Hitchcock, Chief Pretz stated they are anticipating some repairs to vehicles that cannot be handled by the Municipal Service Center.

In response to Mayor Mounce, Chief Pretz stated the overall costs for medical for four new employees did not go up much in light of the less expensive alternative and combined coverage for spouses. Deputy City Manager Krueger stated Finance provides the numbers to all departments for the 100 series with respect to personnel and benefits.

In response to Council Member Hitchcock, the line item on Page 76 was reduced because the plan checks are no longer sent out by the Fire Department because the service is provided by Community Development.

In response to Council Member Johnson, Chief Pretz stated the revenues from the plan check services are also reflected in the budget.

In response Council Member Hitchcock, Chief Pretz stated they have seen a decrease in overtime if all the positions are filled; although, they struggle with the overtime budget when they are not.

In response to Council Member Hitchcock, Mr. Krueger confirmed that the \$700,000 salary savings amount is not specific and is across the board for the General Fund. He stated the mid-year budget review will be important to monitor that amount.

In response to Mayor Mounce, Chief Pretz stated some of the reasons for employees leaving are more pay and bigger departments. He stated reduced training may be a consideration; although, many fire departments in other jurisdictions are facing the same budget challenges as the City.

Electric Utility

In response to Mayor Mounce, Electric Utility Director George Morrow stated staff will return to Council with the comparison data for other jurisdictions in the near future after the budget hearings wind down.

In response to Mayor Pro Tempore Hansen, Mr. Morrow stated in the south west part of town there is a significant amount of line that needs to be replaced; although, there is still good reliability. He stated the goal is trying to stay ahead of the curve and making phased improvements on an ongoing basis.

In response to Council Member Johnson, Mr. Morrow stated staff is trying to move forward both the power line and design pieces together. He stated there is some design work that can be completed regardless of where the line is located.

In response to Mayor Mounce, Mr. Morrow stated that some meters are being replaced because they were underreading due to a design flaw.

In response to Council Member Johnson, Mr. Morrow stated a package of information was sent to Standard and Poors, the current rating is a B+++ with a stable outlook, and there is hope for a higher A- rating. Mr. King stated the matter of refinancing the Electric Utility 2002 bonds will be coming before Council shortly and the higher rating will assist with that as well.

In response to Council Member Katzakian, Mr. King stated anything below a B- rating is less than investment grade.

In response to Mayor Pro Tempore Hansen, Mr. Morrow stated that, based on the third quarter report, they are hoping to end with a \$6.9 million amount and are looking for about \$12 million for reserves if the Roseville deal is completely closed by the end of the year.

In response to Council Member Katzakian, Mr. Morrow stated the current open position carries through the current fiscal year. He stated power was recently bought to close the gap to 13% for next year and the base load goes until 2010.

In response to Mayor Pro Tempore Hansen, Mr. King stated staff is seriously reviewing the options and specifics of details associated with refinancing the bonds to a fixed rate and will be coming back to Council within the next few weeks regarding the same. Mr. Krueger stated it will likely be within the next 45 days.

In response to Council Member Johnson, Mr. King stated a successful increase in the rating could be beneficial with the refinancing.

In response to Council Member Johnson, Mr. Krueger stated that, while there has not been any debt put back to the City since early March, some review will need to be done in January.

In response to Mayor Mounce, Mr. Morrow stated staff is exploring other options for debt collection in light of the frustration with the current service provider and process.

In response to Mayor Mounce, Mr. Morrow stated the information systems software line item includes a software program that does short circuit analysis.

In response to Mayor Mounce, Mr. Morrow stated staff will provide additional information regarding the sublet contracts line item increase from \$19,000 to \$35,000.

In response to Mayor Mounce, Mr. Morrow stated contract employee salaries include salaries for the construction of the Killelea station and the expansion of services to Reynolds Ranch.

In response to Mayor Mounce, Mr. Morrow stated some contract employees receive a stipend for medical insurance. He also stated some pieces may have been moved around along with cost center realignments to get a better understanding of the budget. Mr. Krueger confirmed that the 100 series numbers are provided to the departments by Finance.

Discussion ensued between Mayor Mounce, Mr. Morrow, and Mr. King regarding medical for contract employees, fully loaded numbers in the contract line items to indicate entire cost of employee, and the history of contract employees within the Electric Utility Department, which has decreased.

In response to Council Member Hitchcock, Mr. Morrow stated some change and costs of benefits accounts for the personnel cost increases and the Department is essentially fully staffed after making the proposed adjustments to existing positions.

In response to Council Member Hitchcock, Mr. Morrow stated the project number of 46 for the cost of power is based on the market, geothermal debt service increases, which will be paid off in a few years, Independent Service Operator increases for managing the grid, increases in gas and electric, and the decrease in the combustion turbo project.

In response to Council Member Katzakian, Mr. Morrow stated the geothermal debt service has a schedule that has dips and increases built into it.

In response to Council Member Hitchcock, Mr. Morrow stated the Northern California Power Agency (NCPA) invoice includes all power related costs including fees and project management costs.

In response to Council Member Katzakian, Mr. Morrow stated the NCPA invoice also includes the energy cost adjustment.

In response to Council Member Hitchcock, Mr. Krueger stated the \$488,000 transfer amount and line item is a method to allocate personnel costs to the departments, and sometimes includes project allocation.

In response to Mayor Mounce, Mr. Krueger confirmed that lines 7188 and 7189 are offsetting line items.

In response to Council Member Hitchcock, Mr. Morrow stated the debt service line item with respect to the NCPA is going down because there was a big spike and it will now be going down.

In response to Council Member Hitchcock, Mr. Morrow stated that, although there may not be as much put in reserves as hoped, the overall situation with respect to the bonds should be fine.

MOTION / VOTE:

There was no Council action taken on this matter.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:25 a.m.

ATTEST:

Randi Johl
City Clerk

**LODI CITY COUNCIL
SPECIAL JOINT CITY COUNCIL MEETING
WITH THE LODI ARTS COMMISSION
HUTCHINS STREET SQUARE, 125 S. HUTCHINS STREET
TUESDAY, MAY 13, 2008**

A. CALL TO ORDER / ROLL CALL

The Special Joint City Council meeting with the Lodi Arts Commission of May 13, 2008, was called to order at 5:30 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, and Mayor Mounce

Absent: Council Members – Katzakian

Present: Lodi Arts Commissioners – Bader, Burgess, Carey, Walth, and Chairperson Lawson

Absent: Lodi Arts Commissioners – Himle

Also Present: City Manager King, Deputy City Attorney Magdich, and Deputy City Clerk Perrin

B. TOPIC(S)

Attendees participated in an interactive “Memories in the Making” scrap book project, during which information was provided on the various Lodi Arts Commission events and programs. Two members of Mr. Tan’s children’s chorus performed songs for the group, and a special presentation was made by Jessica Ram, one of 19 recipients of the scholarships for low-income students, on her experience with and appreciation for the program.

Chairperson Margie Lawson reviewed the mission statement of the Lodi Arts Commission, and Donna Phillips and Sue Sarale provided an overview of the Lodi Arts Project Fund, which is the fundraising arm of the Commission. Ms. Lawson stated that her main goal this year is to rebuild the Commission to full capacity as there have been a significant number of vacancies recently.

Community Center Director Jim Rodems recognized the Lodi Arts Commission and Lodi Arts Project Fund for its continued hard work and efforts, despite being undermanned, and stated he was looking forward to merging the registration programs for Hutchins Street Square and Parks and Recreation, which would provide a new revenue stream and bring about added partnerships. Mr. Rodems further presented information on the Commission’s strategic planning session, First Friday Art Hop, first collaborative art show, Christmas tree auction, arts directory, the purchase of new art for the City of Lodi, and the Art on the Square program.

Council Member Hitchcock stated that art, wine, and grape growing are an integral part of Lodi’s efforts to increase tourism and she expressed support for the Commission’s role in this endeavor.

Mayor Pro Tempore Hansen emphasized the accomplishments over the last five years including the murals, the Wall Dog event, and the two new art pieces. He believed Council has been supportive of the Commission, even during tough budget times, and he looks forward to seeing further Arts Commission accomplishments over the next five years.

Council Member Johnson questioned how the low-income scholarship program works and what can be done to encourage participation and donations, to which Events Coordinator Diane Amaral responded that the program is funded by the Lodi Arts Project Fund and is advertised in the arts directory, mentioned by the instructors, and is an option through United Way. She agreed that a greater effort could be made to encourage more donations, and Mr. Johnson suggested speaking to local service clubs.

Linda Hansen thanked the Lodi Arts Commission and Lodi Arts Project Fund for the mural on the Animal Shelter building and stated she believed this would increase pet adoptions.

Donna Phillips stated that her goal is to have an arts gallery at Hutchins Street Square and to increase the inventory of art work.

C. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:18 p.m.

ATTEST:

Jennifer M. Perrin, Deputy City Clerk